



Section III: Court Profile



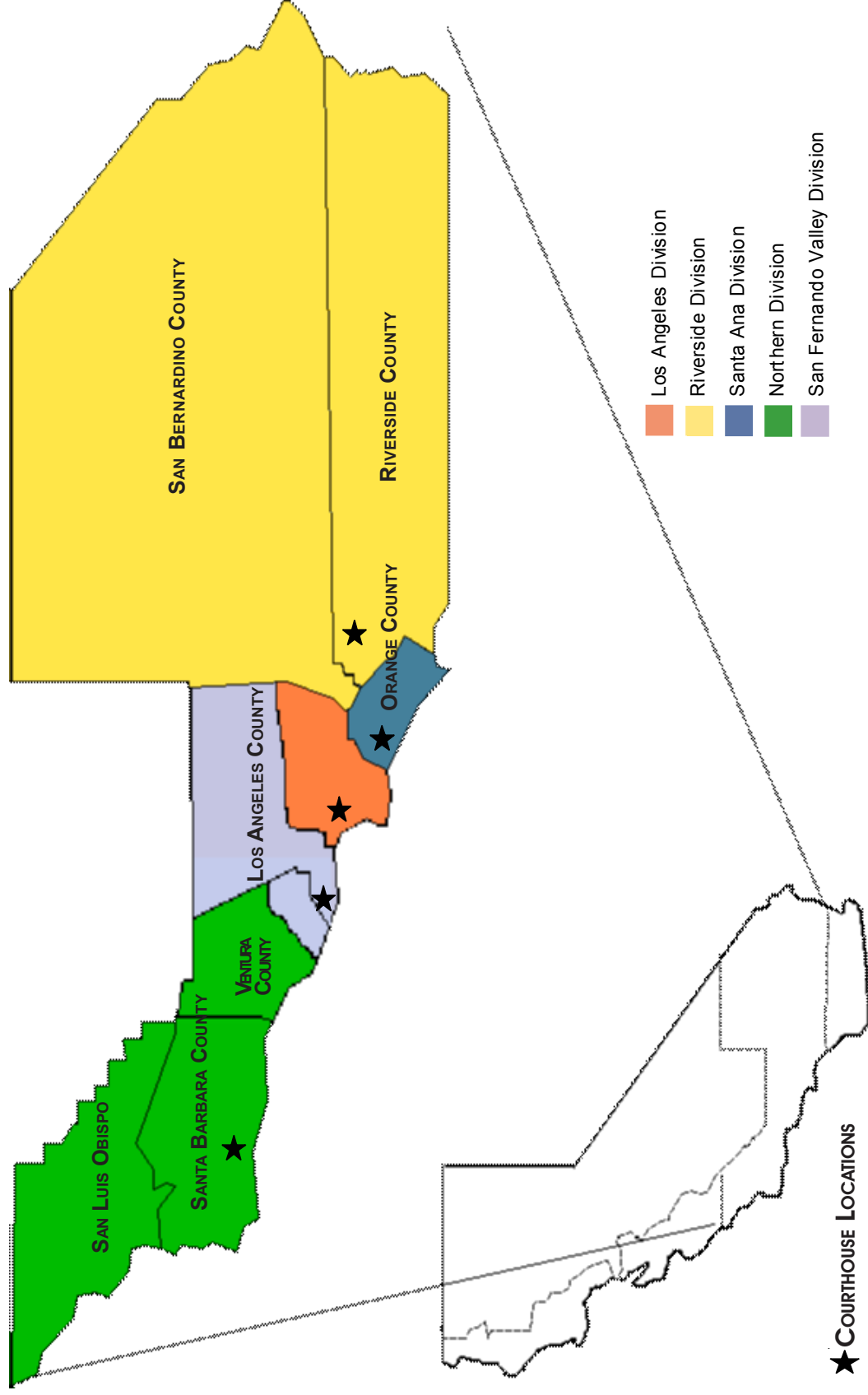
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District Profile

The Central District of California is the largest bankruptcy court in the United States. Presently, the district holds court in Los Angeles, Riverside, Santa Ana, Santa Barbara, and the San Fernando Valley.

The Central District of California covers approximately 40,000 square miles and stretches from the Central Coast area of the state eastward to the Nevada and Arizona borders. The Court has jurisdiction in the seven-county region comprised of Los Angeles, Orange, Riverside, San Bernardino, Santa Barbara, Ventura, and San Luis Obispo Counties.

The Central District is part of the Ninth Circuit, which encompasses the federal courts of nine states (Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, and Washington), the Territory of Guam, and the Commonwealth of the Northern Mariana Islands. The Ninth Circuit is the largest of the 12 federal circuits in size, population, number of federal judges, and volume of litigation. It includes 15 federal district courts, 13 bankruptcy courts, a court of appeals, and a bankruptcy appellate panel.



A Brief History of the Bankruptcy Court in California

The first system of federal courts west of the Rocky Mountains was created with the establishment of the Ninth Circuit in 1848. Some other milestones are listed below.

- 1850** The State of California was admitted to the Union.
- 1850** The Southern and Northern Districts of California were created.
- 1898** The Bankruptcy Act of 1898 gave district courts exclusive jurisdiction over bankruptcies.
- 1900** Congress divides Southern District of California into two divisions: Northern Division, meeting in Fresno, and the Southern Division, meeting in Los Angeles and comprised of the counties of San Luis Obispo, Santa Barbara, Ventura, San Bernardino, Los Angeles, Riverside, Orange, Imperial, and San Diego.
- 1929** Congress adds a third division to Southern District. The designation of Los Angeles was changed from Southern to Central Division, and the San Diego court is designated the new Southern Division of the Southern District.
- 1957** A divisional bankruptcy office was opened in San Bernardino.
- 1959** A divisional bankruptcy office was opened in Santa Ana.
- 1966** California was divided into four judicial districts: the Central Division in Los Angeles becomes the Central District; the Southern Division in San Diego becomes the Southern District; the Northern Division in Fresno become the Eastern District; and the Northern District remains in San Francisco.
- 1978** The Bankruptcy Reform Act of 1978 passed by Congress.
- 1984** The Bankruptcy Amendments and Federal Judgeship Act becomes law.
- 1986** Bankruptcy Judges, United States Trustees, and Family Farmer Act passed.
- 1992** A divisional bankruptcy office was opened in Santa Barbara.
- 1992** The Los Angeles Division begins moving into the newly constructed Edward R. Roybal Federal Building and Courthouse.
- 1994** Bankruptcy Reform Act of 1994 enacted.
- 1996** A divisional bankruptcy office was opened in the San Fernando Valley.
- 1997** The San Bernardino Division becomes the Riverside Division by relocating to a new courthouse in that city.
- 1998** Relocation of the divisional bankruptcy office in Santa Barbara.
- 1999** The Santa Ana Division relocates to the new Ronald Reagan Federal Building and United States Courthouse.
- 2002** Court launches *eFile*, its new electronic filing system, and begins pilot program accepting electronically submitted Motions for Relief from the Automatic Stay.
- 2003** *eFile* system is expanded to accept Motions for Relief from the Automatic Stay for all judges, complaints, and chapter 7 petitions. Court's CIAO! program, which is integrated with *eFile*, is implemented district-wide.

Population Served

With a population of nearly 18 million people, the Central District represents more than 50% of California's population of nearly 35.6 million people. Based on projections by the Demographic Research Unit of the California Department of Finance, the Central District of California is home to four of the six most populous counties in California (Los Angeles, Orange, San Bernardino, and Riverside) and two of the six most populous counties in the United States (Los Angeles and Orange).

The following table details changes in population for the Central District of California from 1993 to 2003 compared to the number of bankruptcy cases filed for the same period.

Table 8
Change in Population and Bankruptcy Filings: 1993 vs. 2003

CENTRAL DISTRICT of CALIFORNIA COUNTIES	POPULATION*			BANKRUPTCY FILINGS		
	1993	2003	% Chg	1993	2003	% Chg
Los Angeles	9,208,093	9,979,600	8.40%	60,819	46,682	-23.20%
Ventura	692,935	791,300	14.20%			
Santa Barbara	382,101	410,300	7.40%			
San Luis Obispo	222,994	256,300	14.90%			
Orange	2,533,122	2,978,800	17.60%	14,320	9,400	-34.40%
Riverside	1,304,447	1,705,500	30.70%	18,509	18,511	0.00%
San Bernardino	1,539,621	1,833,000	19.10%			
District Total	15,883,313	17,954,800	13.00%	93,648	74,593	-20.30%

* Sources: State of California, Department of Finance, *City/County Population and Housing Estimates, 1991 - 2000, with 1990 Census Counts*. Sacramento, California, May 2000.

State of California, Department of Finance, *E-1 City/County Population Estimates, with Annual Percent Change, January 1, 2002 and 2003*. Sacramento, California, May 2003.

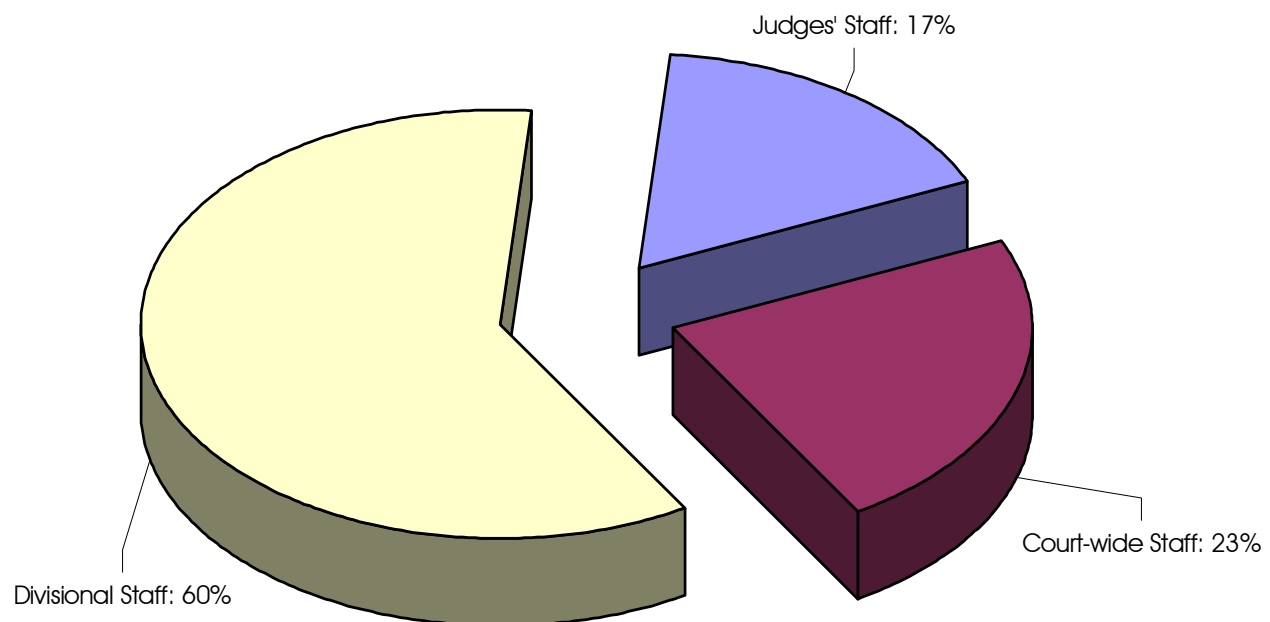
Personnel

A total of 385 full-time equivalent employees (including judges, judges' staff, and Clerk's Office) were on the payroll of the Bankruptcy Court in the Central District of California as of December 31, 2003.

The following chart displays the allocation of Central District personnel. The majority of staff work in Clerk's Office operations (60%) divisional. Operations includes the staff of Case Initiation, and Courtroom Services. Another 23% of the Court's personnel consists of court-wide staff, which includes the Executive Office, Human Resources, Financial Services, Information Technology, Analysis & Information, *eFile*, Administrative Services, and Office Services. *eFile* Operations comprises 2% of all employees in the district. The judges' staffs, including law clerks and judicial assistants, comprise 17% of the total.

The majority of employees work in Los Angeles (57%), followed by Riverside (18%), Santa Ana (11%), the San Fernando Valley (11%), and the Northern Division (3%).

Figure 11
Bankruptcy Court Personnel (December 31, 2003)



Receipts

In fiscal year 2003 (FY03), the Court collected \$20,406,702 in fees, compared to \$22,589,221 in FY02, and \$25,641,340 in FY01. The Court collects fees in multiple fund areas including: filing fees; bankruptcy notice fees; unclaimed funds; copy fees; and fees for other services rendered.

The following table compares the money collected in the seven largest funds from FY01 through FY03.

Table 9				
Monies Collected in the Seven Largest Funds: FY01 - FY03				
FUND NAME	FY01	FY02	FY03	% Change FY02 vs. FY03
Funds Associated with Filing Fees:				
Filing Fees (086900, 086901)	\$2,970,692	\$2,803,301	\$2,517,020	-10.2%
Fees for Bankruptcy Notices (092037)	\$262,638	\$0	\$0	0.0%
Fees for Bankruptcy Oversight (507311 and 5073XX)	\$3,832,960	\$3,832,543	\$3,503,512	-8.6%
Bankruptcy Escrow Account (6855TT)	\$4,291,839	\$4,264,799	\$4,079,460	-4.3%
Fees for Judicial Services (510000)	\$8,341,262	\$8,565,857	\$7,855,678	-8.3%
Payment of Unclaimed Monies (6047BK) ¹	\$5,732,958	\$2,932,561	\$1,452,575	-50.5%
Remaining Funds ¹	\$208,991	\$190,160	\$998,457	425.1%
TOTAL	\$25,641,340	\$22,589,221	\$20,406,702	-9.7%

(1) The decrease in unclaimed monies (6047BK) and increase in remaining funds were primarily due to a fund reclassification Financial Services performed on 10/30/02 affecting funds, 6047BK, 6133BK and 106000. A total of \$776,748.82 was transferred from 6047BK to 6133BK (\$772,275.87) and 106000 (\$4,472.95) to comply with requirements stipulated in Chapter VII, Part J - Unclaimed Funds, Section 2.6, page J-5 of the Guide to Judiciary Policies and Procedures.

Operating Budget

In 1994, the Judicial Conference and the Administrative Office of the United States Courts (A.O.) decentralized budget management in order to provide court units with greater autonomy in long-range planning, improved cost-control, and flexibility in meeting local needs. Budget decentralization has proven to be a cost-effective, successful program, unique in the federal budget environment.

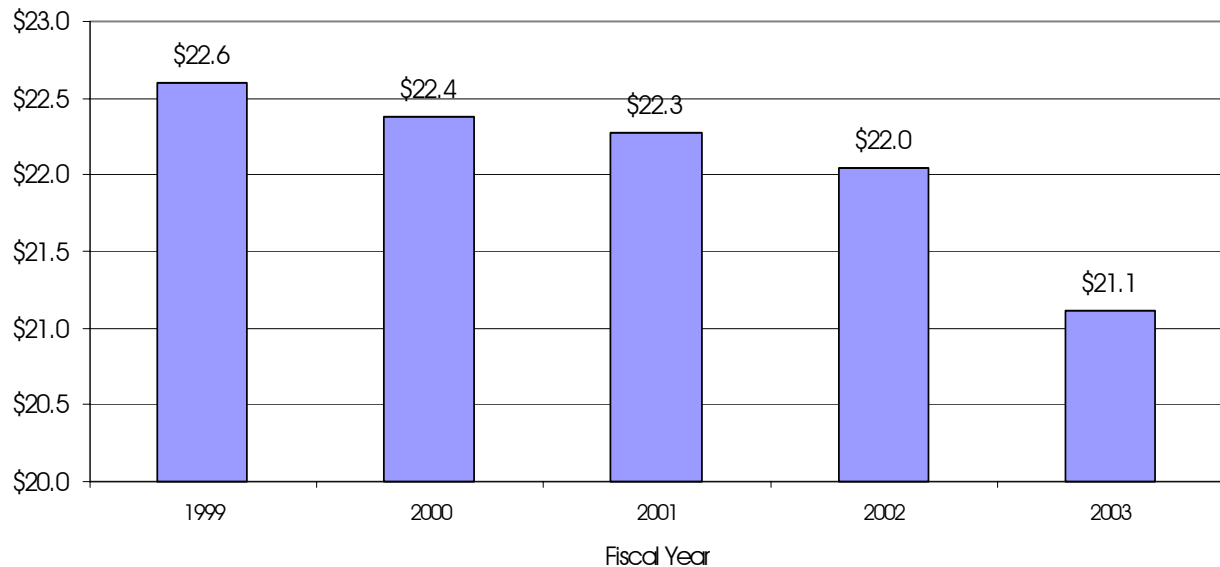
In accordance with the budget decentralization policy, the Bankruptcy Court for the Central District of California adopted the Appropriated Funds Financial Management and Budget Organization Plan. This plan defines the roles and responsibilities for the receipt, budgeting, and disbursement of funds provided to the Court by the United States Congress, via the Judicial Conference and the A.O.

Each year, the A.O. provides the Court with budget allotments for salaries, operating expenses, and automation. These budget allotments are determined by formulas based on variables such as the number of bankruptcy filings, current authorized judgeships, judicial staffing, and Clerk's Office staffing levels.

At the start of each fiscal year, the Court develops a spending plan to implement its operating objectives within the confines of the budget allotments. Throughout the year, the Court continually monitors expenditures, which may necessitate the reevaluation and reprioritization of scheduled projects.

Since fiscal year 1999 (October 1, 1998 through September 30, 1999) through fiscal year 2003 (October 1, 2002 through September 30, 2003), the Court has received successively declining budget allotment amounts. There has been a 6.6% decrease in allotments provided to the Court since fiscal year 1999 through fiscal year 2003. The greatest single year decrease in allotment amounts occurred with the fiscal year 2003 allocation.

Figure 12
Central District of California
Budget Allotments
FY 1999-2003



In fiscal year 2003 (October 1, 2002 through September 30, 2003), the Court was allocated a budget of \$21,107,509. This was a decrease of 4.25% from the \$22,045,496 received in fiscal year 2002. The shortfall necessitated an involuntary staff reduction of 24 employees in December 2002.

The fiscal year 2004 allotment resulted in another budget reduction, as the A.O. cut funding for both salary and non-salary expenses. The shortfall resulted in the Court offering buyout packages to qualified employees. In response to the recent budget cutbacks, the Court has reorganized and cross-trained the remaining staff to maintain its consistently high level of service.

Space and Facilities

The Bankruptcy Court for the Central District of California rents approximately 459,064 square feet of space from the General Services Administration (GSA). (GSA is the landlord for all government owned and leased space.) GSA's responsibilities include rent negotiations, lease awards, tenant improvements and alterations, and daily maintenance. The graphs below delineate the square footage of space rented for each division and the percentage of space district-wide used for courtrooms, judges' chambers, office space, conference and training rooms, and miscellaneous space (which includes restrooms, hallways, and storage space).

Figure 13
Square Footage By Division
Central District of California (2003)

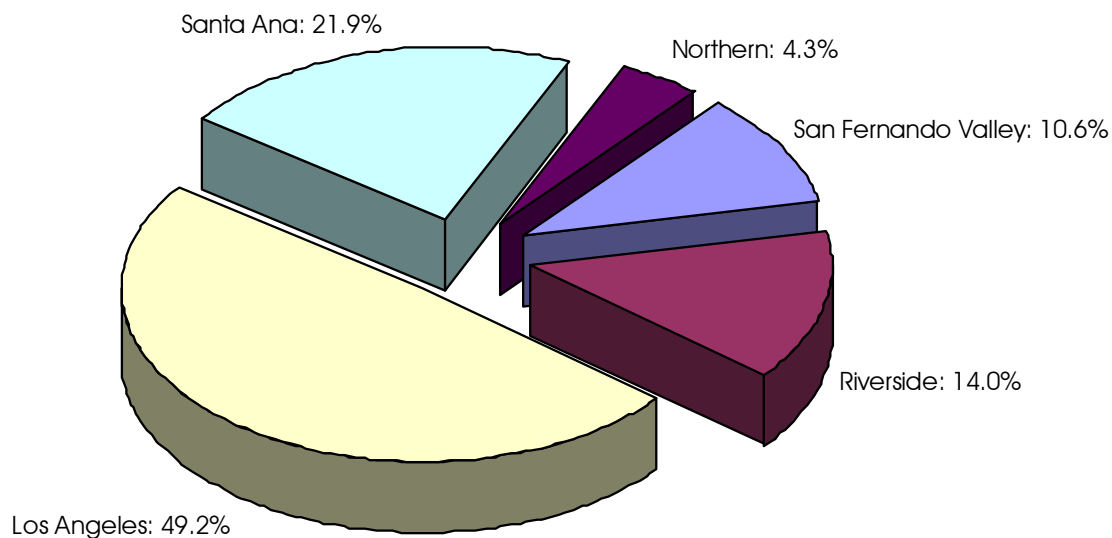
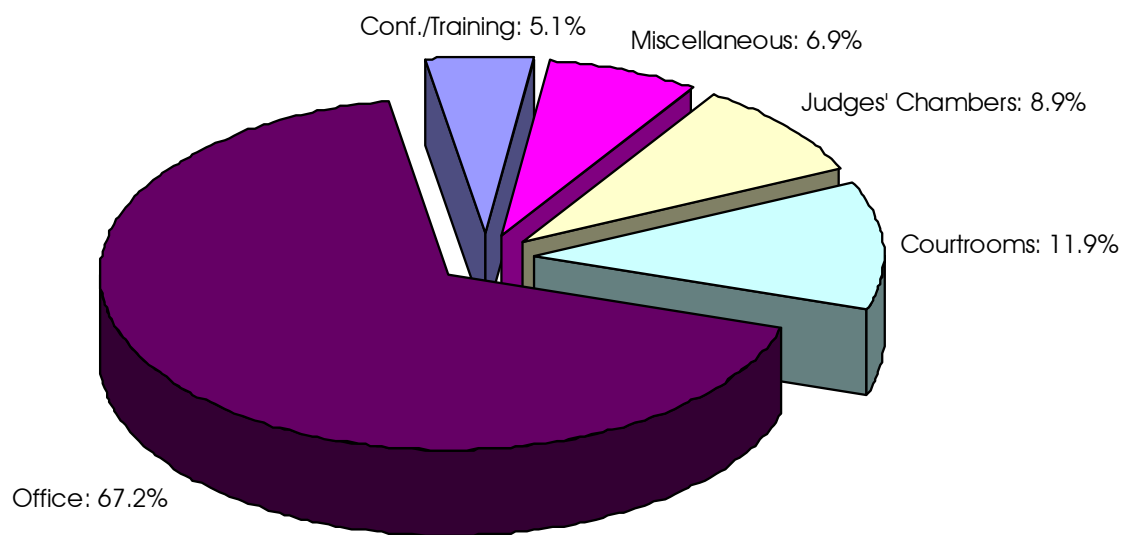


Figure 14
Allocation of Space by Function
Central District of California (2003)



Organizational Structure

Board of Judges

The Board of Judges consists of all of the bankruptcy judges in the Central District. The purpose of the Board of Judges is outlined in the Court Governance Plan and includes establishing overall administrative policies for the Court.

Chief Judge

The Chief Judge plays a strategic leadership role in Court management and stewardship by defining strategic goals, ensuring the Court is administered effectively and efficiently, and setting management principles and standards of the Court. The Chief Judge serves a three-year term, limited to two consecutive terms, and has many diverse duties that include:

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- Serving as chief presiding officer of the Court.
- Delegating responsibility and maintaining oversight of financial management, personnel, procurement, space and facilities, property management, and property disposal.
- Chairing the Executive Committee and Board of Judges.
- Keeping all judges fully and timely informed of matters of Court-wide interest.
- Serving as spokesperson for the Court.
- Monitoring the case management system, identifying problems, and initiating change.
- Creating judicial committees.

Office of the Executive Officer/Clerk of Court

The Clerk of the Bankruptcy Court is appointed by the bankruptcy judges in the Central District and serves an indefinite term. The Clerk has many diverse duties that include:

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- Directing all aspects of the Clerk's Office, including the development of policies and procedures.
- Formulating and executing the Court's budget.
- Providing case administration support.
- Managing space, facilities, automation, and other resources of the Court.
- Recruiting, hiring, and managing Clerk's Office personnel.
- Advising the Board of Judges and the Chief Judge on administrative and policy matters.
- Acting as the Clerk's Office liaison with civic, community, and professional organizations.

The Clerk's Office is organized into three functional areas: Operations, *eFile* Operations, and Administration.

Operations

In each of the five divisions, Operations is responsible for the day-to-day case management activities of the Clerk's Office and support for judges' hearings, including the acceptance of case filings and subsequent documents; docketing of cases; tracking cases; sending notices; responding to inquiries from the public; imaging selected case documents; retrieving, maintaining, and archiving case files; calendaring hearings; electronic recording of hearings; support of courtroom activities, including videoconference hearings; support for the general management of the Court's caseload; and closure of cases. Also part of Operations, but performing administrative functions in support of all of the divisions, is the Analysis & Information Department.

■ Analysis & Information Department

Analysis & Information (A&I) performs a wide range of administrative tasks, including district-wide quality control. Some of these tasks include: developing and assessing procedures, operating methods, and work flow; making recommendations for improvements to existing procedures; establishing and monitoring performance for operations; compiling statistical information regarding filings, closings, and case management; and providing information to the public. A&I also prepares a wide variety of reports, as well as numerous public and internal documents.

eFile Operations

Working in conjunction with the *eFile* Support and Development Section, *eFile* Operations provides systems support to all registered *eFile* users, assists those attorneys registering to use the system, and processes all electronically filed documents, regardless of the division for which they were filed. The quality assurance review includes the electronically-created docket entries and images for all petitions, complaints, and Motions for Relief from the Automatic Stay. *eFile* Operations staff members also assist internal CIAO! users, thereby ensuring the smooth operation of both *eFile* and CIAO!. (See CIAO! Program Implemented District-Wide, page 29.)

Administration

The Court's administrative departments are centralized in the Los Angeles Division and provide district-wide support.

Administrative Services Department: develops budget estimates to fund all operating costs of the Court; prepares the overall budget summary justification; develops and monitors the Court's budget and spending plan; prepares justifications for supplemental requests of additional allotments; prepares and oversees the preparation of recurring reports of obligations and expenditures; and monitors the fiscal and procurement activities that affect the budget process. The Department is also responsible for telecommunications administration, acquisition planning, and the procurement of both automation and non-automation equipment, supplies, and services required by the Court and the Clerk's Office.

Communications Department: is responsible for district-wide internal and external publications, forms, judicial support, public notices, press releases, public relations, call management systems (including Music-On-Hold), electronic communications, the Court's web site, and coordination of special events and projects.

Financial Services Department: is responsible for the fiscal and audit functions of the Court and the Clerk's Office, including maintaining all financial records of funds received and paid by the Court, as well as all accounts payable. The Department is also responsible for ensuring that adequate internal controls within the Court are developed and in place, including documenting district-wide internal controls, conducting reviews, and risk assessment.

Office Services Department: is responsible for all leased office and judicial space occupied by the Court, including ensuring that the current space adequately meets the needs of staff. It monitors all phases of the Court's facility-related projects, from conceptual design and development to the completion and review of construction documents. The Department is also responsible for general office services, emergency preparedness, and property management, including maintaining the inventory of all fixed assets owned by the Court. In the Los Angeles Division, Office Services also manages the distribution of interoffice mail.

Human Resources

Human Resources Department: is responsible for recruitment; selection; classification; compensation; benefits administration; processing of all personnel actions, including appointments, promotions, and separations; maintenance of all personnel records including time, attendance, and leave records; development and enhancement of personnel policies and procedures; providing guidance to management and staff in the interpretation and administration of personnel policies; coordination and monitoring of employee performance evaluations; updating and maintaining the Court's *Personnel Handbook* and other Human Resources publications; coordination of special recognition ceremonies and awards; ensuring adherence to the tenets of the Court's Employment Dispute Resolution (EDR) Plan and Equal Employment Opportunity (EEO) policies; and preparing the Court's annual EDR report.

- **Staff Development Department:** is responsible for coordinating and executing the staff development program within the Court, including assessing each employee's current skills and developing individualized training plans. Department staff develop and deliver comprehensive professional training classes that focus on the skills needed for staff to successfully perform their present job functions, as well as advance into new classification levels and positions. Additionally, the Department coordinates technical training classes.

Information Technology

- **Technology Administration Division:** ensures Court compliance with judiciary Information Resource Management bulletins and regulations, as well as district-wide technology project management, configuration management, operational support, budget coordination, cyclical replacement, commercial applications, and technology planning. The Division oversees development projects undertaken to meet the needs of Operations. The Division develops, supports, and maintains all of the Court's automated systems and the public area kiosks and computers.
- **Network Management Division:** provides managerial and technical oversight for the Court's wide and local area network systems, including network-based software implementations; establishes and maintains standards; and defines, designs, and integrates network-related software and hardware systems to meet the specific technological needs of the Court.
- **eFile Support and Development Section:** partners with eFile Operations to develop, test, and support the Court's automated system through which attorneys electronically file court documents, such as chapter 7 voluntary petitions, Motions for Relief from the Automatic Stay, and complaints.